

Understanding the remittance economy in Haiti

FINAL DRAFT

**Manuel Orozco
Inter-American Dialogue**

Paper commissioned by the World Bank

March 15, 2006

Table of Contents

Introduction.....	1
I. Migration and remittances in Haiti	2
i. Annual flows: official and estimated values.....	5
ii. Demographic profile of remittance senders	9
II. The transnational dimension of remittances	11
i. Transfers of remittances and patterns.....	11
ii. The remittance transfer marketplace.....	13
iii. Tourism, Telecommunications, Transportation, Trade and HTAs	17
III. Remittance recipients: income, the family and gender	20
i. Remittance recipients' demographic profile	21
ii. Remittance recipient characteristics	22
IV. Remittances from the Dominican Republic.....	24
V. Remittances and social inclusion.....	27
i. On social inclusion	27
ii. Financial intermediation of senders and recipients.....	29
VI. Recommendations on development opportunities	30
i. Health and Education projects	32
ii. Rural sector finance	33
iii. Trade and tourism	34
iv. DR-Haiti corridor.....	34
References.....	36
Survey Methodology	36

Introduction

Migration is one characteristic feature that has shaped Haiti's history and its people. However, over the past twenty years the influx of Haitians abroad has increased in larger numbers and impacted their home country's economy and society in various ways. This report looks at the impact of remittances and other economic practices on the Haitian economy, and how to create opportunities to leverage these funds for local development.

Using census data as well as surveys of senders and recipients, we estimate that at least one billion dollars are sent annually from the United States, Dominican Republic, Canada and other places to Haiti. The flow of money goes to both urban and rural areas and reflects varying practices among families separated by economic necessity that seek to reintegrate their households in a transnational manner. As the report shows, Haitians retain ties with their families, community and country by keeping in regular contact with Haiti through visits, phone calls, small investments and membership in grassroots philanthropic institutions known as hometown associations. The context in which they interact with their families is facilitated by a marketplace of remittance intermediaries that represent an increasingly competitive industry, though faced with pockets of informality in the United States and substantive informal mechanisms in the Dominican Republic.

Moreover, when analyzing the characteristics of recipients, we find that they are predominantly young Haitians under the age of 40 and equally divided along gender lines. Recipients who live in cities are also better able to access financial institutions partly because most payers of remittances are banks. However, as this report shows, rural Haitian remittance recipients are less able to withdraw their money from banks or other financial institutions.

The study offers some recommendations about leveraging remittances in local development, paying attention to four areas, namely, health and education, rural finance, trade and tourism, and the Dominican Republic and Haiti remittance corridor. The report stresses mechanisms that link goods and services that meet the demand of recipients to the productive base of the local economy through donor technical assistance in these areas.

I. Migration and remittances in Haiti

Traditions of violence and authoritarianism, scarce resources and foreign intervention have been three major markers of Haitian political history. These realities have in turn influenced emigration and the formation of a Haitian diaspora residing predominantly in the United States.

Migration from Haiti is a phenomenon that dates back to the period of its independence, particularly after the growth of Haiti's relationship with the Dominican Republic as an independent state. As a result, many Haitians living in the Dominican Republic today continue to maintain ties back home. Moreover, Haitian migration to the United States and Canada can also be explained by the movement of Haitians seeking exile and refuge from repression during the Duvalier dynasty.

Emigration trends over the years have been shaped by both employment opportunities abroad as well as by the push of a repressive state and prevailing violence. For example, Haitians' labor skills in the sugar industry endowed them with the opportunity to find jobs in places like the Dominican Republic, Cuba, or other islands in the Caribbean as seasonal workers during the sugar cane harvest. However, their migratory experience has also faced significant challenges, including racial discrimination and inhumane work conditions. For example, as part of a historically tense relationship between Haiti and its closest neighbor, gross abuses against Haitian immigrants have occurred in the Dominican Republic. Perhaps the most well-known example of such abuse is the 1937 massacre where more than 30,000 Haitians were killed under the orders of dictator Rafael Trujillo (Fatton 2002).

Despite such dramatic experiences, which have also included mass deportations of Haitians, work in the sugar industry has traditionally been reserved for Haitian migrant workers because of the low pay and grueling conditions. Some observers have described Haitian work in sugar cane fields as modern-day slavery (Castles and Miller 2003). However, due to worsening socio-economic conditions in Haiti over the past twenty years, Haitian workers have increasingly settled in the Dominican Republic. Their roles are expanding beyond the agricultural sector and Haitians have also gone to work in the service industry, construction

and informal sectors. An estimated 600,000 Haitians live in the Dominican Republic (Orozco 2005).

In addition to economic necessity, human survival from repression has influenced the movement of Haitians abroad. The history of repression led by the Duvalier dynasty has been a major source of migration, exile and refuge. Hundreds of thousands of Haitian refugees have arrived in the United States since the early days of the first Duvalier regime, posing a difficult political and moral dilemma for U.S. policymakers and human rights advocates. Immigration to the United States has come in waves, each new wave usually following a political change or development in Haiti. The first group of Haitian refugees to flee the island immediately following Duvalier's rise to power included upper and middle class educated professionals whose economic interests were threatened by the new regime. However, the demographic profile of subsequent waves of Haitian refugees seeking asylum in the United States changed throughout the course of the Duvalier dictatorship and, from the 1970s onward, began to consist of primarily of poor and uneducated Haitians.

After 1973, this flow of unskilled Haitian 'boat people' came to be seen as unmanageable by the United States. Although similar waves of Cuban refugees to the U.S. received substantial government support, Haitians arriving in Florida were detained and deported with little consideration given to asylum claims. In 1978 alone, the INS held approximately 150 Haitian refugee hearings a day, with only five judges hearing them. Since 1981, the U.S. has used the Coast Guard to intercept boats carrying Haitian migrants and return them to Haiti without a chance to apply for political asylum (Mitchell 1994). In 1981, only 5 out of 501 Haitian applicants were granted political asylum (Loescher & Scanlan 1984).

In February 1991, popular leader Jean-Bertrand Aristide became the first democratically elected president of Haiti, resulting in temporary relief from the exodus of migrants to the United States. However, the Aristide government was soon ousted and Aristide supporters were ruthlessly retaliated against. The Organization of American States declared economic sanctions against the new Haitian dictatorship led by General Raoul Cédras. Haiti came to an economic standstill with per capita GDP declining almost 6 percent per year between 1991 and 1994 (Gammage 2004). Refugee flows rapidly increased and between 1991 and

1997 approximately 220,000 Haitians, or almost 3.5 percent of the population of Haiti, migrated to the United States (Gammage 2004).

Today, Haitians are still responding to the same push and pull factors that have resulted in the movement of countless migrants in search of freedom from both political and economic uncertainty. It is impossible to classify Haitian immigrants as solely ‘political’ or ‘economic’ refugees because Haiti’s intertwining histories of migration, violence and poverty have all contributed to shaping the nature of current flows.

The Haitian diaspora resides primarily in Canada, the Dominican Republic and the United States, amounting to a likely total of two million people. In the United States alone there are an estimated 800,000 to one million Haitians (620,000 counted by the 2002 U.S. Census, with an annual entry of 20,000 legal migrants), plus 52,000 in Canada and an estimated 600,000 in the Dominican Republic. These migrants have maintained ties to thier families in Haiti, and as a result the Haitian economy has become increasingly reliant on the money sent by the Haitian diaspora living abroad.

Figure 1: Haitian legal migration to the U.S. (1989-2003)

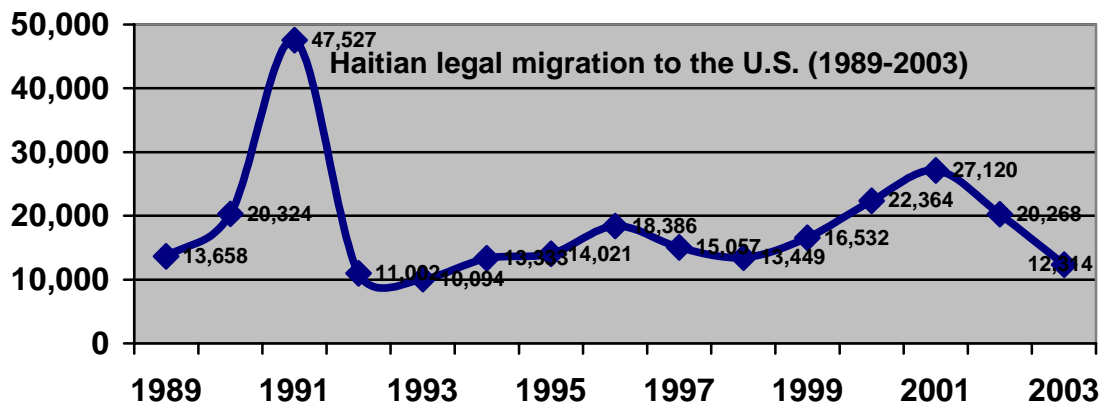
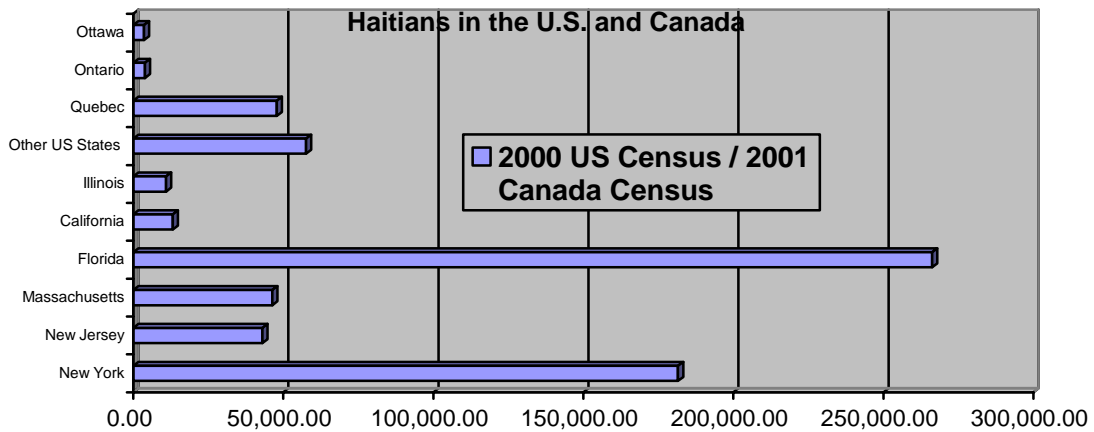


Figure 2: Haitians in the U.S. and Canada



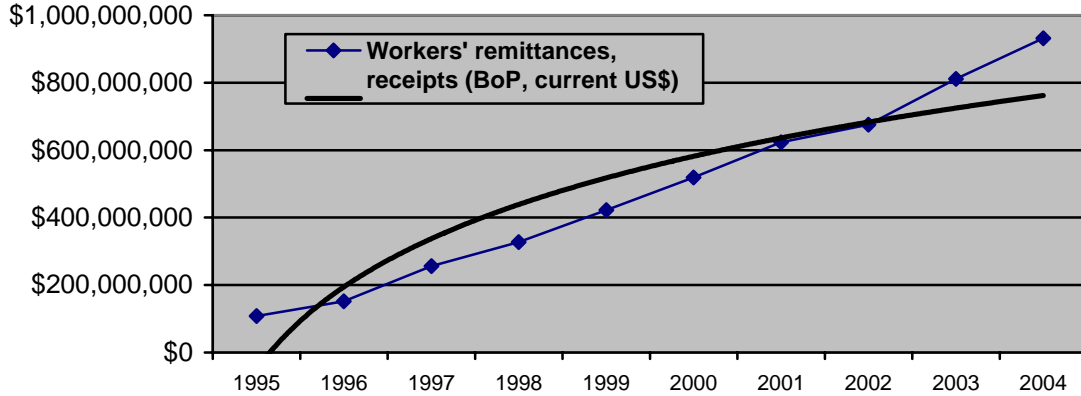
i. Annual flows: official and estimated values

The inflow of this population to places like the United States and Canada has created links of various natures, remittances being the most tangible to policy makers. In this section we review the value of remittances and their relationship to various macroeconomic indicators.

Compared to other major macroeconomic indicators, the Haitian economy has become increasingly reliant on the money sent by the Haitian diaspora living abroad.

According to Haiti's Central Bank, Haitians are said to be remitting a billion dollars a year, or more than a quarter of the country's GDP. The government estimated that migrant remittances to Haiti totaled more than \$930 million in 2004, more than twice the amount sent only five years earlier in 1999. The growth in remittance flows to Haiti has accelerated more rapidly since the mid 1990s, rising from only \$108 million in 1995 to almost ten times that amount in 2004.

Figure 3:



The Haitian bank estimates coincide with Haiti's 2001 Census which showed that one in five households (21 percent) receive remittances in the country. Using the Haiti Census and the average annual amount sent by remittance companies (US\$2,000), the total amount yields approximately US\$672,000,000 in 2001, a figure similar to the Central Bank's report for that year.

When estimating the flows in the last few years we calculate that the volume is over one billion, approximately \$1,029,000,000. Because Census population data on foreign born individuals is not fully accurate and prone to change as people continue to move, we use different population estimates for people in three of the major countries of residence: the U.S., Dominican Republic and Canada. Applying these estimates, a minimum and maximum amount is identified, ranging between US\$829,920,000 and US\$1,302,000,000, as the amount sent by Haitian adults living in these three countries.

Table 1: Remittance estimates to Haiti

	Population		
	500,000	650,000	800,000
US	\$630,000,000	<i>\$819,000,000</i>	\$ 1,008,000,000
	Population		
	400,000	500,000	650,000
DR	<i>\$134,400,000</i>	\$168,000,000	\$ 218,400,000
	Population		
	52000	60,000	
Canada	\$ 65,520,000	<i>\$ \$75,600,000</i>	

Note: for U.S. and Canada we estimate a monthly transfer of 150 a month; for the DR the estimate is a transfer of 60 eight times a year. In all cases we estimate that 70% of adults will be remitting.

It is important to bear in mind that these three countries represent the majority but not all of the Haitian diaspora. The Haitian 2001 Population Census shows that these three countries represent eighty seven percent of all Haitians living abroad. Moreover, the flow of remittances reaches various parts of the country. Nearly half goes to rural Haiti while close to forty percent ends up in the capital.

Table 2: Country of residence of Haitian relatives abroad

Country of residence	2001 Census
United States	60
Dominican Republic	20
France/French Antilles	7
Canada	6
Other Caribbean	5
Other Europe	1
Other Latin America	2
Total	100.00

Source: Haiti Household Census 2001 HLCS 2001 IHSI Data.

Figure 4: Destination of remittances by province

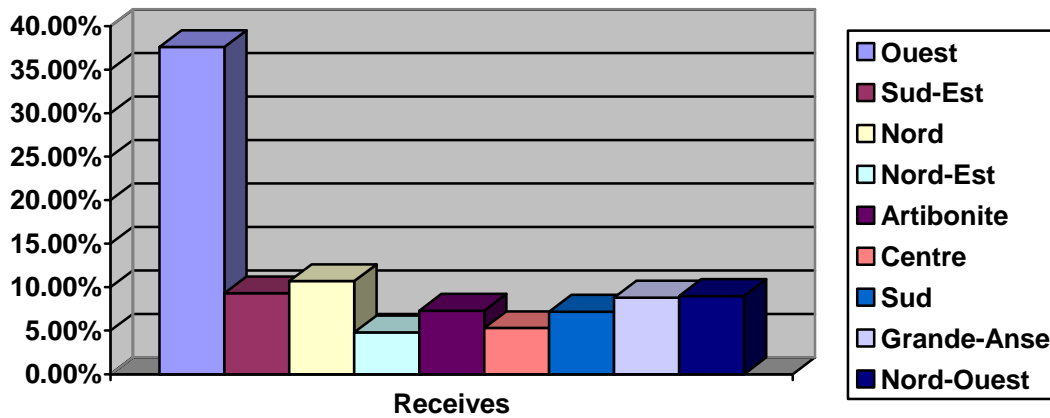
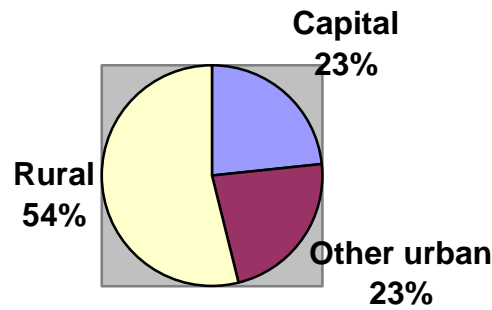
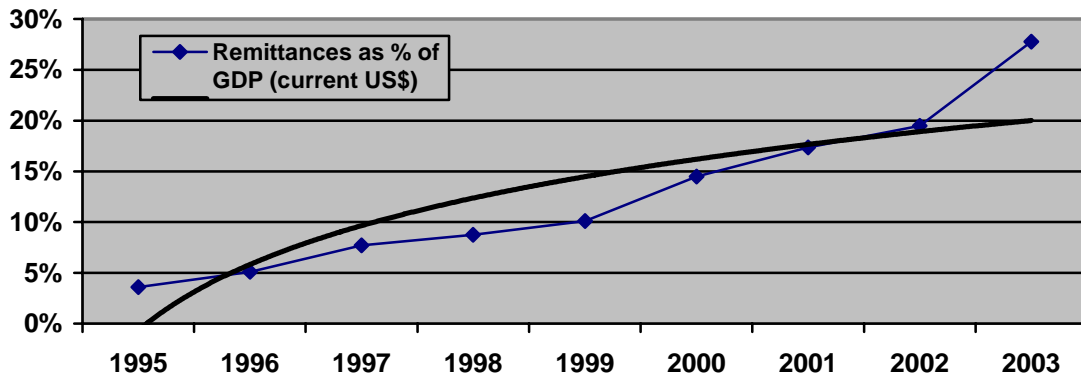


Figure 5: Remittances to Haiti by destination (%)



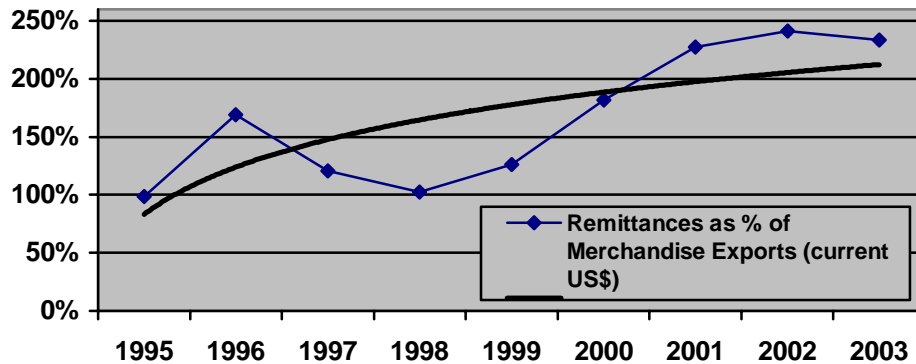
Aside from the sheer volume of remittance flows to Haiti, their relevance in the national economy becomes apparent when compared to other economic indicators. For example, remittances have represented an ever-increasing percentage of Haiti's gross domestic product, reaching almost 30% of Haiti's GDP in 2003. That figure is more than three times the amount recorded merely five years earlier, when remittances represented 8.7% of Haiti's GDP.

Figure 6: Remittances to Haiti as a percentage of GDP



Because Haiti is periodically rocked by turmoil and economic stand-stills, remittances have proved to be a steady source of income, consistently representing an amount of money that has been larger than the total annual foreign direct investment to Haiti and annual revenue from merchandise exports, respectively, since 1996.

Figure 7: Remittances to Haiti as a percentage of merchandise exports



After an initial spike in 1996 and subsequent decline, remittances have represented a growing percentage of Haitian merchandise exports since 1998, topping off at 241% of merchandise exports in 2002 and representing more than 233% in 2003. Since 1996, remittances have been consistently greater than the total amount of revenue generated by merchandise exports each year.

ii. Demographic profile of remittance senders¹

The majority of Haitian remittance senders in the United States are relatively young. More than seventy two percent of all remittance senders surveyed were between the ages of 23 and 40 years old, while more than sixty eight percent of all remittance senders are male. It is interesting to note, however, that while women only made up about thirty one percent of remittance senders, female remitters tend to be younger than men overall. Less than seven percent of women remitters are over the age of 41, as opposed to thirty five percent of men. A quarter of all female remittance senders are under the age of 30.

Table 3: Age and gender distribution of remitters (%)

	Male	Female	Total
23 to 30 years	9.49	25.00	14.21
31 to 40 years	55.47	68.33	59.39
41 to 50 years	35.04	6.67	26.40
	100.00	100.00	100.00

¹ This section and the following are based on a survey of 200 Haitian remittance senders living in New York.

Nearly eighty percent of Haitian remitters hold either a college degree or have completed some college. The educational backgrounds of remittance senders seem to correspond to personal income levels, with those remitters with higher levels of education tending to earn more than those with only primary or high school backgrounds.

Table 4: Income and educational distribution of remitters (%)

	Total	College degree	Some college	High school	Primary school
Less than \$10,000	4.79	0.00	7.14	9.38	0.00
Between \$10,001 and \$15,000	21.81	7.35	20.24	50.00	75.00
Between \$15,001 and \$20,000	23.94	19.12	28.57	21.88	25.00
Between \$20,001 and \$25,000	25.00	38.24	20.24	12.50	0.00
Between \$25,001 and \$30,000	21.28	35.29	16.67	6.25	0.00
Between \$30,001 and \$35,000	2.66	0.00	5.95	0.00	0.00
Over \$35,000	0.53	0.00	1.19	0.00	0.00
	100.00	100.00	100.00	100.00	100.00

The majority of individual Haitian remittance senders earn between \$10,000 and \$30,000 a year. Senders also seem to earn slightly more than the rest of their households. The average household size for remitters is approximately five people, with seventy percent of senders reporting between four and six people members in their household. While less than five percent of individual senders earn below \$10,000 a year, nearly ten percent of households earn less than that amount, not including the remitter's salary. Only about half of remitters are earning less than \$20,000 a year, as opposed to seventy eight percent of their households. Women remitters also appear to earn less than their male counterparts. Indeed, fifty eight percent of men reported earning more than \$20,000 a year, as opposed to only thirty percent of women.

Very few Haitian remitters have been in the United States for less than a year. In fact, nearly three fourths of those surveyed reported having lived in the United States for at least three years. Approximately eighteen percent of senders have been in the U.S. for a decade or more. Moreover, only about half of remitters are U.S. citizens. Those Haitians who have obtained U.S. citizenship tend to have been in the United States longer than those without citizenship; indeed, over half of non-citizens have lived in the United States for less than three years.

II. The transnational dimension of remittances

Although the causes that have led Haitians to migrate often differ from those of other Latin American counterparts, the resulting outcome is similar: Haitians become transnational migrants as they seek to retain and extend their connections back home. The literature on transnational migration has stressed the extent to which family and community links are developed over time and form a continuous relationship that binds the places where contact exists.

These transnational family relationships have an economic nature that goes beyond the mere sending of money. We argue that remittances are part of a broader process of transnational engagement whereby ensuing relationships play a part in integrating the countries into the global economy. Our analysis will demonstrate the degree to which transnational ties include the transfer of money and capital, travel, telecommunication, tourism, and trade. These areas are also known as the 5Ts (Orozco 2005). The Haitian experience does not escape this reality and is similar to other regions in Latin America and the Caribbean in this respect. What follows is an analysis of transnational engagement using the approach of the 5Ts in order to assess the extent to which Haitians are engaged with their families back home.

i. Transfers of remittances and patterns

Haitian migrants send an average amount of US\$150 a month, one of the lowest average amounts sent by migrants in the United States. This figure coincides with the average amount reported by money transfer companies. Three quarters of respondents say that the money is sent to address basic needs of their families, which are made up predominantly of parents, spouses and children. This family commitment increases depending on the length of time living in the United States. It is interesting to note that spouses and children receive more than other groups. Contrary to other Latino remittance senders, women send more to their relatives than men do (Orozco 2006).

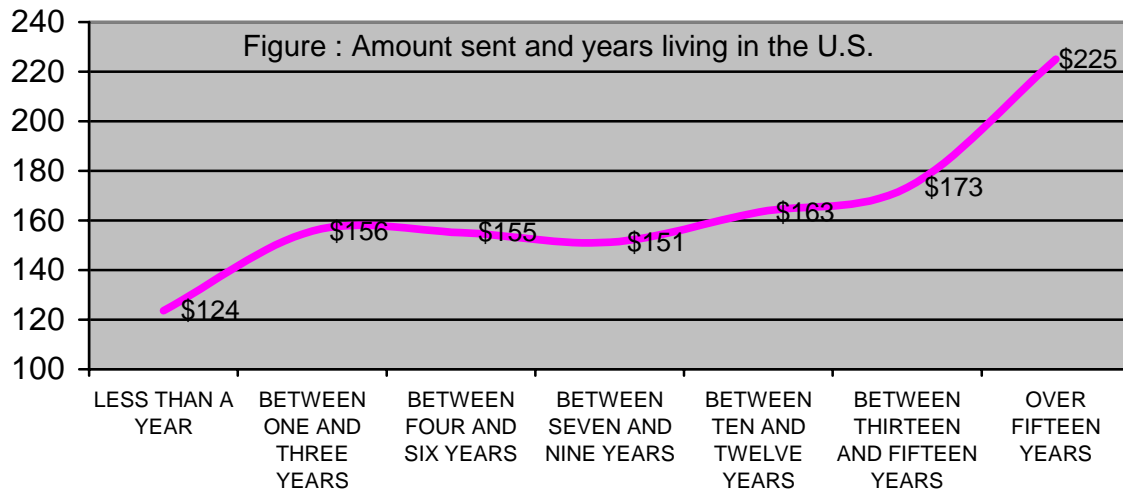
Table 5: Main beneficiary of remittances

	(%)	Average sent	Male sender	Female sender
Husband/wife	30.5	168	167	171
Mother/father	22.5	155	147	173
Children	24.5	164	158	175
Siblings	6.5	149	154	90
Grandparents	6.5	111	117	106
Other relatives	4.0	173	173	173
Friends	5.5	91	111	75

Table 6: Main reason person sends money

	(%)	Average sent	Male sender	Female sender
To help take care of basic family needs	76.0	151	151	149
To help with emergency expenses	9.0	190	185	198
So that the family can enjoy nice things	5.0	159	131	186
To cover incurred debts	1.0	120	190	50
Business	5.0	178	186	166
Education	3.5	115	113	116
Housing	.5	275	275	--

Figure 8: Amount sent and years living in the U.S.



In trying to understand the specific determining factors that influence a person’s choice to send higher amounts of money, the results suggest the presence of various independent factors. Using an OLS regression of remittance amount sent against demographic, financial and contact factors we find that the statistical relationship to remittance transfers is

associated with the income position of the sender, the extent of contact through travel, savings in Haiti and age of the sender. Other variables such as sending for clothing or food, number of people of the household, financial status or education are not statistically related.

Table 7: Mean values for selected characteristics of remittance senders

	MALE	FEMALE
Average amount sent to home country	155	155
Age	38	34
How many times per year send money to home country	10	10
Monthly expense on the credit card each month	217	247
Annual personal income	22407	23350
Number of people who live in home in the U.S.	5	5

Table 8: Regression Results of family remittance determinants

	Unstandardized Coefficients
	B
(Constant)	19.673
<i>Clothing</i>	22.707**
Education	-2.814
<i>Housing</i>	-20.267*
<i>Travel to Haiti</i>	11.461***
<i>Has a savings account in a bank in Haiti</i>	38.543
Help family with economic obligations aside from remittances	-8.862
Has a bank account in the US	-17.301
<i>Age</i>	2.093***
Gender	8.201
<i>Household income</i>	14.457***
Number of people live in the US household	3.216

Note: * statistically significant at 10% level; ** statistically significant at 5% level; *** statistically significant at 1% level. r^2 :

ii. The remittance transfer marketplace

The marketplace for remittance transfers to Haiti has a variety of corridors with different competitive patterns. The two most predominant are U.S.-Haiti, and D.R.-Haiti. For example, remittances to Haiti from the U.S. were traditionally characterized by the presence of high levels of informality. However, competition has increased in the past five years to an extent that the U.S.-Haiti corridor (Miami and New York to Haiti) has experienced a number of new players. This reality has created a decline in transaction costs among companies

competing for smaller profit margins while expanding marketing strategies to attract customers from other competitors and the informal sector. In fact, as competition has increased among money transfer operators (MTOs), costs have declined below the Latin American market average.

Remittances transfers to Haiti from the Dominican Republic, on the other hand, are predominantly an informal practice due to the difficulties that companies have operating with lower transaction amounts and the presence of competitive informal networks in rural areas. A survey of three hundred remittance senders living in Santo Domingo, Dominican Republic, shows that over fifty percent used informal mechanisms to transfer money. Local experts argue that the volume sent from outside the capital relies predominantly on informal networks.

Table 9: Type of company used to transfer remittances

	Percent
Family or friends	55.6
Caribe express	16.4
Vimenca western union	10.0
Caribe tours	8.0
Remesas dominicana	2.8
La nacional	2.8
Unitransfer	1.6
Cam	1.2
Quisqueya	.8
Galmeni	.4
Abreu y collado	.4
Total	100.0

Source: Orozco, Manuel. Survey conducted by the author, 2004.

Licensed businesses such as CAM, Western Union, Unitransfer, Bobby Express, Soca Transfers and MoneyGram appear to process sixty percent of money transfers to Haiti. According to an industry expert, remittances transferred to Haiti by the major MTOs in 2004 amounted to US\$540 million out of the US\$930 million reported for that year.

Table 10: Company market shares

Company	Monthly volume	Market share
CAM	17,533,639	38%
Western Union	11,228,509	26%
Unitransfer	11,307,000	24%
Boby express	2,853,395	8%
Soca transfer	1,497,667	3%
Moneygram	507,728	1%
	44,927,938	\$ 539,135,256.00

Haitians in New York were asked about their preferred company, their level of satisfaction with its service, and about other services accessed through those companies. The table below shows that remitters' choices coincide with the actual transfers reported in 2004, however the percent distribution varies from the actual numbers. One reason that is the case is the fact that only New York was selected as a site for the survey, and some companies like Unitransfer have a greater presence in Miami from where a greater volume of remittances are transferred. Moreover, seventy percent of remitters were reported to be very satisfied or satisfied with the company they use. In terms of using the businesses for other services, sixty percent reported that they also used the MTO for things like making copies, sending faxes and purchasing money orders, phone cards and plane tickets.

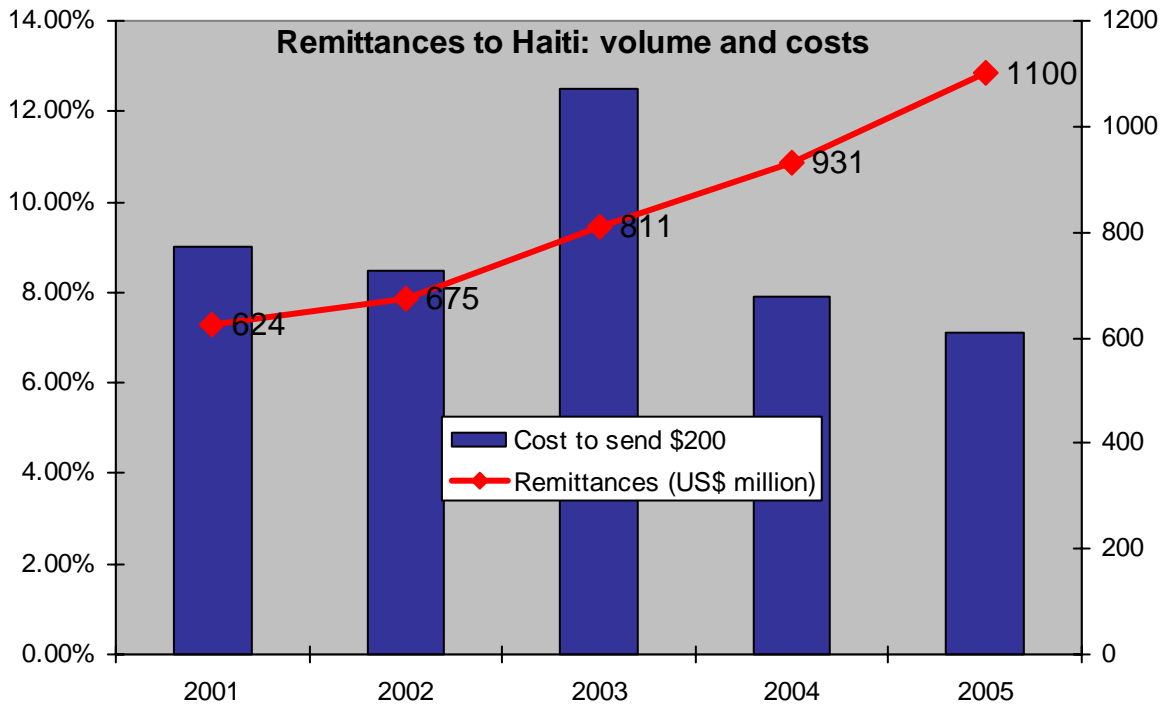
Table 11: Remittance senders in New York and use of company

Company	(%)
Cam	33.0
Western Union	20.0
Bobby Express	18.5
Unitransfer	13.0
Moneygram	7.5
Sagebanque	2.5
Union Travel	2.0
Cuje Banque	1.5
Fuerte Express	1.0
Rafa's Agency	.5
Salagel Variety	.5
Total	100.0

Table 12: Other services used by remittance senders

Other Service Used	(%)
Money orders	27
Copies	24
Fax	16
Metrocards	14
Phone calls	14
Bill payment	13
Phone cards	10
Plane tickets	7
Documents	5
Check cashing	4
Deposits	2
Cards	1
Packages	1
Stamps	1

Figure 9: Remittances to Haiti: volume and costs



This variety of services illustrates that there is an economy transnationally connected to the homeland that is used for services other than remitting. As the next section will show, when it comes to engaging the home country, there is a substantive level of transnational engagement among Haitians.

iii. Tourism, Telecommunications, Transportation, Trade and HTAs

When Haitians were asked about the extent of their contact with their families, the responses were predominantly positive. Haitian immigrants maintain substantive links with their communities, often more so than migrants from other parts of Latin America. Fifty five percent of Haitian remittance senders say they visit their country at least once year; thirteen percent travels twice a year and six percent three times a year. Moreover, sixty three percent of those who visit the country stay at least three weeks, whereas eighteen percent stay for longer. Only fifteen percent said that they stay in the country for less than a week. The majority of these travelers (61%) reported spending up to one thousand dollars per stay, but twenty five percent said to spend in the range of three to five thousand dollars.

In addition to travel, we also asked about their telephone contact back home. The time people spend talking over the phone with their families abroad is also an important indicator of the transnational relationship because family members keep each other informed about their daily activities. Moreover, international calls to Haiti are among the most expensive in the Western Hemisphere. In 2001, the cost of calling Haiti was almost double of the cost of calls to the Dominican Republic, Colombia, or El Salvador and three times the cost of calls to Mexico.

Table 13: Dollar Equivalent Accounting Rates for Peak-Period

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Colombia	1.55	1.50	1.40	1.30	1.25	1.00	0.80	0.65	0.55	0.38		
D.R.	1.36	1.29	1.30	1.10	0.90	0.70	0.60	0.38	0.38			
El Salvador	1.30	1.25	1.20	1.20	1.10	0.88	0.77	0.60	0.48	0.38		
Guatemala	1.40	1.30	1.20	1.18	1.00	0.90	0.77	0.64	0.51			
Haiti	1.35	1.30	1.25	1.20	1.20	1.20	1.20	1.00	0.92	0.70	0.60	0.46
HK	1.60	1.20	1.00	1.00	0.94	0.79	0.72					
Jamaica	1.55	1.50	1.40	1.40	1.30	1.25	1.25	1.05	0.60			
Mexico	0.72	0.68	0.58	0.53	0.485	0.395	0.37	0.19	0.19	0.19	0.19	0.19
Peru	1.50	1.40	1.30	1.30	1.23	1.00	0.85	0.66	0.50	0.38		

Source: Statistics of Communications Common Carriers, Federal Communications Commission Releases (October 2004).

Respondents expressed that they speak to their relatives quite regularly; over half responded that they call relatives two or more times a week. Unlike other Latin American groups,

Haitians spend less time on the phone, usually speaking for no more than twenty minutes. However, the estimated number of minutes amounts to more than two hundred million, which represent 80% of calls from the U.S. to Haiti. This means that the high costs of these calls are mostly incurred by Haitian migrants.

Table 14: Length of time speaking with relatives

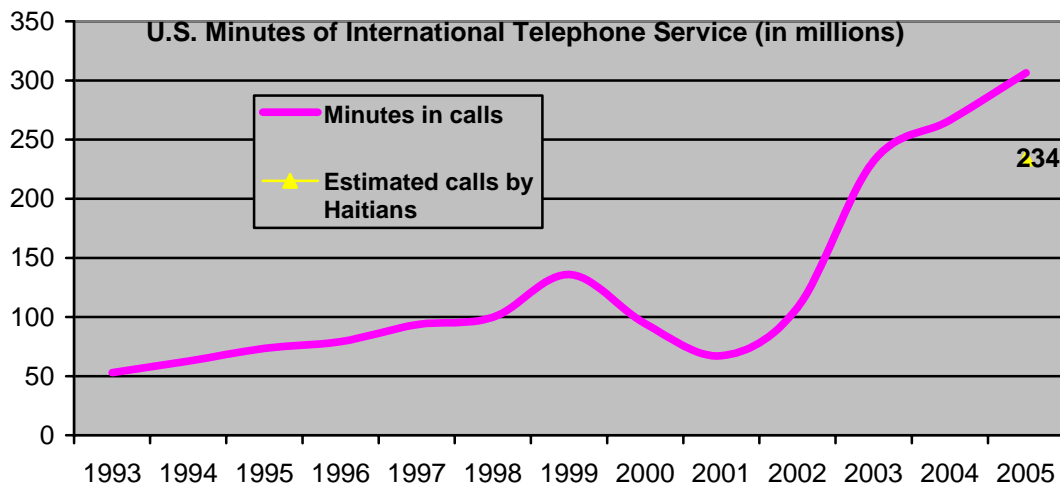
	Percent
Less than five minutes	4.6
Between six and ten minutes	32.7
Between eleven and twenty minutes	48.5
Between twenty and thirty minutes	11.7
More than thirty minutes	2.6

Table 15: Phone calls to Haiti from the United States

	Minutes called	Estimated Minutes called by Haitians	Revenue	Revenue in U.S.	Revenue in Haiti
2002	107,801,054		\$35,877,114	\$21,999,482	\$13,877,632
2003	231,766,243		\$50,697,992	\$31,640,301	\$19,057,691
2005		234,000,000			

Source: Federal Communications Commission Releases (October 2004). The estimate of phone calls by Haitians was made calculating the distribution of calls and minutes spent among 600,000 people.

Figure 10: U.S. Minutes of International Telephone Service



Buying home country goods is also another practice that migrants use as a way to stay in touch with their homeland. The majority of immigrants spend money buying merchandise, predominantly food, from their country. Excluding Haiti, 70 percent of Latino immigrants

import nostalgic products. Haitian buying habits are similar: ninety percent say they buy these products, and the items acquired represent a variety of at least sixteen different items, such as spices or rum.

Table 16: Home country goods bought by Haitians in the U.S.

Product	(%)
Spices	57.9
Pepper	45.5
Pickle	30.9
Fresh	28.1
Rum	28.1
Confectionaries	24.7
Noodle	23.6
Processed fruit	19.7
Cigarettes	19.1
Salted	16.9
Craft items	15.7
Fresh	13.5
Cooking utensils	9.6
Sugar	8.4
Peas	5.6
Other	3.4

Forming part of a hometown association is also an important practice among immigrants. However, the number of people involved in these transnational community organizations is not as large as believed and does not exceed more than six percent of all migrant remitters. In the case of Haitians, belonging to HTAs is quite important and associations exist in several cities throughout the United States and Canada that work regularly on a number of projects dealing with health and education. Ten percent of remittance senders said they belonged to an HTA, which is similar to the tendencies of remitters from Jamaica or Guyana.

An index of transnational engagement was created based on six kinds of contact with the families and communities in Haiti, namely, sending money, visiting the country, touring, calling home, buying home country goods and belonging to a hometown association. The index distributed respondents according to their level of involvement (low, medium or high) depending on a combination of various activities or the intensity of one activity (for

example, calling home very often, buying home country goods, and visiting the country more than twice a year). Moreover, an OLS regression was formulated to identify which variables relate to the level of engagement. The regression results are interesting; however, the regression itself has a low r^2 (0.2). The table below displays the results of engagement showing that income, number of relatives in the U.S., gender, spouse as recipient, and length of time in the U.S. are statistically significant. Specifically, there is a positive statistical significance with three variables showing that Haitians are more engaged the longer the migrants have been living in the U.S., the higher the income and when the spouse heads the recipient household.

Table 17: Six Ts of engagement (travel, spend, call/minutes, trade, remit, hta)

	Percent
Low	39
Medium	44
High	17
Total	100
Missing	22

Table 18: Regression results of determinants of transnational engagement

	Unstandardized Coefficients
	B
(Constant)	7.237
<i>How many people live in your home?</i>	-.183*
<i>How long have you lived in the United States?</i>	.361***
Beyond remittances, do you help your family with economic obligations?	-.211
<i>Spouse</i>	.817***
Parents are remittance recipients	-.139
<i>Household range</i>	.245**
Gender	.449

a Dependent Variable: index of six Ts of engagement (travel, spend, call/minutes, trade, remit, hta). Note: * statistically significant at 10% level; ** statistically significant at 5% level; *** statistically significant at 1% level. r^2 : 0.2

III. Remittance recipients: income, the family and gender

The recipient families of remittances are the key beneficiaries of the transnational engagement carried out by Haitians living abroad. The 2001 Haitian population and

household census estimated that 21% of households (out of a total 40% of people saying that they have relatives living abroad) were remittance recipients. According to the 2001 Census, sixty percent of relatives are in the United States and twenty percent are in the Dominican Republic. When asked about their relatives' motivations for migrating, seventy percent stressed work as the primary reason.

Table 19: Reason for relative's emigration

Reason given	Percent
Work	70
Search for work	18
Other	3
Studies	3
Family reunification	3
Marriage	1
Residence	1
Total	100.00

Source: Haiti Household Census 2001 HLCS 2001 IHSI Data.

In order to further analyze the characteristics and patterns of remittance recipients, a survey of 500 persons was conducted in Haiti focusing on their demographic profile, remittance reception, access to and use of financial institutions, and contact with relatives. The results are presented below.

i. Remittance recipients' demographic profile²

Beneficiaries of remittances have different backgrounds yet share similar characteristics, some of which are significantly different from other Latin American recipients. First, unlike people from other Latin American and Caribbean countries, half of Haitian remitters are women and sixty percent are under thirty years of age. Second, remittance recipients have a much lower income than their counterparts in Latin America, particularly because over half are unemployed. Moreover, twenty percent say they receive remittances from more than one relative, and at least half of recipients report receiving additional help other than remittances. Third, nearly half of recipients have at least one child to take care in the household.

² This section is based on a survey to 578 remittance recipients living in the Western part of the country, predominantly in Port Au Prince. For further details see the methodology at the end.

Table 20: Income among Haitian Remittance Recipients

Income range	(%)
No income	54.8%
Receives about US\$475	27.3%
Receives about US\$600	3.5%
Receives about US\$1550	1.6%
Receives about US\$2150	2.9%
Receives about US\$2400	4.5%
NS/NR	5.4%
Remittances received	100.0%

ii. Remittance recipient characteristics

In terms of remittances received, recipients coincided in reporting the same average transaction amount that remittance senders mentioned, which is US\$150. Forty percent received less than 100, but another forty percent received between one and three hundred (see Table x). The frequency of receiving is quite regular and, similar to what senders report, remittance transactions are made over ten times a year. Moreover, forty seven percent have been receiving the money for at least five years.

Table 21: Amount of remittances received

Range	(%)
100 dollars or less	41
Between 101 and 300 dollars	42
Between 301 and 500 dollars	9
More than 500 Dollars	8
NS/NR	1
Total	100.0

The direct beneficiary of remittances is an immediate relative and twenty percent say they receive from more than one relative. Sixty percent of remittance recipients said they receive the money from their parents, and thirty three percent of them said they also receive money from their siblings. The figure reported is consistent with the age of the recipient, the majority of which are young people in their twenties. The reported percentage of remittances sent by parents is relatively higher than the Latin American average of 30% of

beneficiaries receiving from fathers or mothers. Nearly twenty percent receive from their spouses, and ten percent from siblings.

Table 22: Crosstabulations

	P9B						Total
	Mother/ father	Children	Siblings	Grandparents	Other relatives	Friends	
Husband/wife	5.3%	3.2%	5.3%		3.2%	2.1%	19.1%
Mother/father		2.1%	33.0%	7.4%	8.5%	8.5%	59.6%
Children			1.1%		2.1%		3.2%
Siblings				1.1%	5.3%	3.2%	9.6%
Grandparents					4.3%	1.1%	5.3%
Other relatives					1.1%	2.1%	3.2%
	5.3%	5.3%	39.4%	8.5%	24.5%	17.0%	100.0%

P9A * P9B Crosstabulation % of Total

In terms of the expenditure of their money, Haitian recipients respond to a hierarchy of needs similar to other Latin American recipients: their money is spent on food, education, clothing and savings. It is important to note that the choice of savings is among the highest among recipients in Latin America. Moreover, we asked recipients to specify how much they spent out of US\$100 in remittances on each of these activities and the responses coincided with the typical uses. First, the expenses reported demonstrated a balanced expenditure on the different activities. For example, not all the money is spent on food, but rather on a combination of items related to education and clothing. Second, we estimated the average amount spent per every US\$100 and found that about a third is spent on food and the rest on education, clothing and savings.

Table 23: How do you use the money?

Use	
Food	80.9
Education	74.0
Clothes	64.0
Savings	34.2
Healthcare	27.9
Housing	26.8
Business	13.9
Other	10.7
Repayment of debts	9.1
Payment of debts	6.5

Table 24: Estimated expenditures from remittance income

	Does not spend the remittance in this	1 to 20	21 to 40	41 to 60	61 to 80	81 to 100	Estimated expenditure
Food	17	37	27	15	1	3	30
Education	35	9	22	28	4		25
Clothing	40	41	11	7	0		12
Savings	46	39	10	3	1		15
Health	76	21	2	1	0		5
Housing	86	9	3	3			4
Business	87	7	3	2	1		4
Religious occasions	90	10	0				2

IV. Remittances from the Dominican Republic

Haitians have a long history of migrating to the Dominican Republic. This cross-border flow has increased considerably during the past twenty years due to the economic and political crisis affecting Haiti. An estimated 600,000 Haitians live in the Dominican Republic. They live mainly in the border areas between the two countries and in Santo Domingo, working predominantly in sugar cane, the service industry and in the informal economy. Migration to the Dominican Republic has created a cohort of Haitian immigrants with a demand for services, including the sending of remittances and other goods, as well as the provision of other related services (Sillie 2003).

Remittances from the Dominican Republic are transferred predominantly through informal mechanisms via individual entrepreneurs who operate on the border between the two countries. These entrepreneurs are also financial intermediaries who lend money to Haitians in both countries and provide other commercial services. The underdeveloped nature of this market is significantly costly, as it provides little value added to the currency transferred.

The average amount Haitians send is about US\$96, while the median is US\$67. Haitians predominantly send money to their parents in Haiti (52 percent). A significant number, 20 percent, also send to their spouses.

Table 25: Beneficiary of remittances from the D.R.

	Percent
Mother/Father	52.4
Spouse	20.4
Sibling	16.8
Child	5.2
Other Family Members	2.8
Grandparents	2.4
Total	100

Source: Manuel Orozco, 2004. Encuesta de Haitianos en Republica Dominicana, Protectora Holdings, Santo Domingo, Republica Dominicana.

The ratio of male to female senders is three to 1. Slightly more than half of all Haitian senders are under the age of 30. Remittances are sent primarily to Port-au-Prince, followed by Cape Haitien.

Table 26: Geographic destination of remittances

	Percent
Puerto Principe	40.4
Cabo Haitiano	25.6
Gonaives	9.2
Jacmel	6.4
Saint Marc	5.6
Hinche	5.6
Artibonite	3.2
Les Cayes	2.8
Jérémie	1.2
Total	100

Source: Manuel Orozco, 2004. Encuesta de Haitianos en Republica Dominicana, Protectora Holdings, Santo Domingo, Republica Dominicana.

Virtually all of the surveyed Haitian senders indicated that providing for the basic needs of their family was the primary reason they chose to send remittances. The funds are allocated for food by 98 percent of recipients and for clothing by 70 percent of recipients. Similarly to Nicaraguans in Costa Rica, Haitian migrants in the Dominican Republic have most commonly been sending remittances between 1 and 3 years.

Apart from sending remittances, Haitians in the Dominican Republic maintain ties with their home country through visits and telephone calls. Over 55 percent of Haitians living in the

Dominican Republic visit their country of origin at least twice a year. Another 20 percent visit once a year, bringing the percentage of Haitians in the Dominican Republic traveling home on at least a yearly basis to 76 percent. The length of stay varies, with 27 percent staying less than a week, 36 percent staying between 2 and 3 weeks, 15 percent staying between 3 weeks and two months, and 10 percent staying more than 2 months.

While on travel in their country of origin, Haitians spend a significant amount of money above and beyond gifts to the family and friends. While approximately 20 percent reported spending less than US\$ 1,000, 41 percent spend between US\$ 1,000 to 2,000 per stay.

V. Remittances and social inclusion

The money sent by migrants has varying effects within the household and the economy. These effects in turn create a condition where remittance recipients have greater opportunities and inclusion in society by way of the benefits attained from the money they receive. First, these portions of repatriated earnings into the household allow people to better manage their overall income. Second, the effect that remittances have on gender differences is also critically important because women recipients can improve their condition through the money received. Third, those expenditures on health, education, savings and housing translate in better opportunities for those receiving the money and thus have an effect in reducing poverty. Fourth, access to financial resources is a key development tool for individuals and society at large. Remittance senders and recipients have financial interests that include savings and different kinds of investments.

i. On social inclusion

Consistent with poverty levels in Haiti, fifty five percent of remittance recipient households have no income and twenty seven percent earn less than US\$500 a year. However, among those without income, 26% receive up to US\$100 a month, and twenty percent between \$100 and \$300. Thus, the amount received not only exceeds what a person typically earns annually but also keeps people out of poverty while the money is received. For those who have no income, these earnings are a lifeline that prevents them from further deprivation of basic goods and services. Remittances are also a critical complement to those with earnings that are equal to US\$40 a month.

Table 27: Income and Remittances Received among Haitians

	Less than US\$100	From US\$101 to US\$300	From US\$301 to US\$500	Over US\$500	Income
No income	26.0%	19.9%	4.8%	3.8%	54.8%
Receives about 475	9.9%	12.3%	2.6%	2.2%	27.3%
Receives about 600	.7%	2.6%		.2%	3.5%
Receives about 1550	.3%	.9%	.3%		1.6%
Receives about 2150	.5%	1.4%	.3%	.7%	2.9%
Receives about 2400	.7%	2.4%	.9%	.5%	4.5%
NS/NR	2.8%	2.2%	.2%	.2%	5.4%
Remittances received	40.8%	41.7%	9.2%	7.6%	100.0%

Second, remittance recipients are predominantly children of immigrants. They are able to benefit from opportunities that can improve their health and education as well as social condition in general.

Money spent on health, education and housing puts recipients in better standing in terms of quality of life and opportunities for advancement. In addition to income, remittance recipients in Haiti have enjoyed better access to health care. According to the 2001 Haitian Census, those households that received remittances reported a better ability to seek medical attention than those households without remittance income. Nearly seventy nine percent of remittance beneficiaries (against sixty percent of non recipients) responded that they would be financially capable of obtaining medical treatment for members of their household if necessary. Moreover, while sixty nine percent of non recipients living in the capital have access to medical services, that percentage falls to about fifty seven percent in rural areas. However, among rural households that benefit from remittance income that proportion is more than seventy two percent, higher than that of non recipients living in urban areas and much closer to the national average.

This trend is true as well for nutritional indicators. More than thirty one percent of remittance recipient households are financially able to eat meat, chicken or fish at least three times a week, as opposed to only about thirteen percent of non recipient households. In rural areas, those households receiving remittances report an ability to regularly consume

meat and fish that is closer to the national average than the approximately ten percent of rural non-recipient households with the same response.

On education, the census showed that sixty seven percent of remittance recipients report the financial ability to send their children to school if necessary, against less than fifty three percent of non-recipient households. However, the ability to finance education appears to be higher in general among households located in urban areas, while rural Haitian households are less likely to be able to send children to school. Between sixty three and sixty seven percent of urban households in Haiti report the ability to access educational services for their children; for those urban households that receive remittances, this percentage is even higher than the national average.

In terms of housing, those households involved in the construction of a new house at the time were more likely to receive remittances than not. Indeed, six percent of remittance recipients reported that they were currently constructing a new home, while about four percent of non-recipients gave the same response. Moreover, those households benefiting from remittance income in rural areas showed the same rate of new home construction as the national average, while non-recipient households in rural Haiti appeared to be the least able to participate in the construction of new housing.

ii. Financial intermediation of senders and recipients

The role of financial access in development is critical in any society. The opportunities that individuals can have in acquiring wealth depend on their ability to have universal and affordable access to financial resources. Diasporas and recipients have been able to value this situation. For example, remittance senders have bank accounts and other businesses in their home country and recipients are largely banked individuals with access to other financial services. Unlike other Latino migrants, Haitians in New York are more likely to have a small business activity and a student loan than a savings account in Haiti. More important, however, is that at least one in ten Haitians has economic interests in at least four areas, including housing.

Table 28: Economic activities maintained in Haiti by migrants abroad

Financial product	(%)
Small business	25.5
Savings	14.0
Student loan	14.0
Mortgage	12.5
Has a loan for a small business	3.5
Lends family for business	3.0
Pension program	2.0
No family obligations	36.5

Meanwhile, remittance recipients are predominantly banked above all. They withdraw their money at a banking institution but also are benefiting from financial services, such as student loans, which are paid by the relative.

Table 29: Financial products used by remittance recipients

Financial product	(%)
Savings account in a bank	73.6
Student loan	30.1
Business loan	12.9
Small business	11.6
Home mortgage loan	10
Lends money to family members	2.7
Other	1.8
Pension plan	0.8

VI. Recommendations on development opportunities

One billion dollars in remittances is sent to one in five households in Haiti. This sending trend reflects important patterns, particularly the presence of substantive transnational engagement among families with migrants, with effects on access to banking and social services.

Some observations to keep in mind relate to the findings that most Haitian recipients are younger than remittance recipients in other parts of Latin America. Moreover, both senders and recipients keep each other connected through different means, including visiting each other, particularly on the part of senders, or sending and receiving Haitian made products.

Another issue of key importance relates to the substantial presence of informality in the Dominican – Haitian corridor.

When thinking about the intersection between development and remittances, it is important to understand that the social and productive base of an economy significantly defines the ways in which remittances will effectively function in that economy. Remittances need to be understood exactly as what they are: foreign savings. As with any other source of foreign savings, like aid, trade or investment, remittances interact with the structure of the local economy. The extent to which such structures absorb those savings is the first question for development practitioners. This means that it is important to analyze the productive forces in an economy, the efficiency levels, how modern it is, what level of diversification/concentration of production exists within the various sectors, how entrepreneurship operates and is enabled, what technology tools exist or are missing, and the extent to which governments provide an enabling environment to motivate an interaction between investment and production.

Performing such an analysis will give cues about the extent to which the local economy exhibits substantive opportunities or failures that are enablers of migration and remittances. If an economy is unable to produce in a competitive context, its labor force will be depressed and eventually a portion will migrate to take care of their families. Even once they are away and send money, however, the families may only be able to do so much with that money in so far as the local economy provides an effective supply to the demand of services and products.

Consumers have a demand for a range of economic and financial commodities and services, and their knowledge of what they can obtain depends on whether efficient information on the marketplace of goods exists as well as a supply driven economy and businesses that react to remittance recipients' interests. Some of these interests involve savings, credits and other financial services, but there are other interests such as basic consumption and investment in education and health. This latter issue is significant when considering these issues from a gender perspective: women can improve their social position when the local economy offers incentives. If the productive base of the local economy cannot provide for that demand,

imports of goods will then ensue. None of these are situations created by remittances but rather by the structure of the local economy which is also connected to the global context.

Thus, donors can consider concrete policy tools that can simultaneously positively affect the impact of remittances in the local economy by identifying core areas of attention. Here we focus in three particular areas: health and education, rural finance, and trade and tourism.

i. Health and Education projects

One of the findings of this report is that nearly half of remittance recipients have children in what are primarily young households. Given the efforts of sending and receiving households to manage their resources in health, education, housing, and basic food, there exist creative opportunities to leverage remittances to improve health and education.

Education, for example, is an activity and obligation that involves not only attending public school but also providing quality attention to children to improve their performance. Both public schools and private institutions, NGOs and donors included, are well suited to identify the educational needs of remittance recipient children and their communities in order to offer an array of services, including but not limited to extracurricular educational activities such as arts and crafts, sports, religious studies, special class tutoring, performance testing and family counseling. In turn, offering education services will have a direct effect in the local economies.

Providing health services to senders and recipients is also critically important. In addition to the children in the household, ten percent of remittance recipients are over the age of 50. Health matters for older cohorts and, given the precariousness of the health care system, health services to recipients would have an important impact on the family. Public and private sector institutions can offer a range of insurance products such as medical care, emergency care and dental care, as well as burial and body repatriation. Such initiatives can be directly arranged between a remittance payer, particularly a bank or a micro finance institution (MFI), and a health care provider at affordable rates.

ii. Rural sector finance

At the intersection between remittances and finance is development, and this is a condition of critical importance because financial intermediation among remittance senders and recipients creates conditions for wealth generation through savings, investment or credit (Orozco 2005; Ruiz 2005). Yet there exists little financial intermediation of remittances in rural areas, particularly in Haiti. According to the 2001 Haiti household census only 12 percent of remittance recipients in rural Haiti have bank accounts, yet, half of the money goes into rural Haiti. Moreover, one important finding in our survey of remittance recipients corroborated the 2001 Census showing that in 2006, 70 percent of recipients in urban Haiti had savings accounts and withdrew their money at financial institutions.

Table 30: Percent of remittance recipients with savings accounts

	(%)
Metropolitan Area	47
Urban area	19
Rural area	12

A critical area for donor assistance consists of enabling rural financial institutions to have the capacity to work in remittance transfers and provide financial services. Specifically, donor assistance can focus on supporting them in five areas: network support to partner with money transfer operators, market research about the financial needs and preferences of remittance recipients, design of financial products that meet the demand of recipients, marketing of financial products, and adaptation of software and hardware equipment for remittance transfers.

An innovative case where institutional relationships and partnerships among donors have been established in order to support financial intermediation through remittances is that between the International Fund for Agricultural Development of the United Nations and the Multi-Lateral Investment Fund (MIF) of the Inter-American Development Bank (IDB). These two institutions recently created a program to support transnational development projects in rural remittance receiving communities. The program supports funding in three areas: knowledge development for community-based organizations and rural development, development of rural financial services and development of rural productive investment.

Some microfinance institutions in Haiti have benefited from this program in order to improve their capacity to provide services to remittance recipients. Inserting the World Bank into a preexisting scheme such as this one would enhance the lessons learned and solutions proposed on remittances and rural Haiti.

iii. Trade and tourism

Tourism and trade also lie within the intersection of remittances and wealth generation. The regular visits that migrants make to Haiti are not only a key source of revenue to travel agents and airlines, but also venues for commerce in the local economies where Haitians stay as tourists. Donors can promote investment schemes in tourist projects aimed at the Haitian diaspora. Governments and private businesses can participate in joint ventures to offer their diasporas tour packages to visit traditional and non-traditional sites to discover and rediscover their home countries. Moreover, donors can also work out investment alliances with diasporas interested in partnering to establish joint ventures relating to tourism.

Similarly, considering the substantive demand of home country goods among diaspora communities, there is a significant opportunity to provide export promotion schemes that help develop the industrial manufacturing of foodstuffs that are attractive to immigrants. Most of the goods imported by Haitians are of low quality or are exported in small quantities. Because the community may represent at least 200,000 buyers of various commodities, technical support for small businesses in non traditional nostalgic exports can be one way to link production chains to an existing marketplace. To that effect, it is critically important to clearly understand the demand for nostalgic goods, the purchasing power capacity and willingness to buy these goods, and the operating costs of selling high quality products to this market.

iv. DR-Haiti corridor

The Dominican Republic is an important point of destination for Haitian workers remitting more than one hundred million dollars every year. Although the volume of remittances is about ten percent of the estimated flow, the range of economic practices and opportunities

to promote development in border areas and within cities remain unaddressed. For example, competition among licensed companies is weak partly due to the strong presence of informal networks and the limited involvement of financial institutions and other payers in rural areas.

One way to strengthen and develop this corridor is by offering technical assistance to promote competition to microfinance institutions with a presence in rural areas, in partnership with banks and other financial institutions in the Dominican Republic and money transfer operators.

References

- Adams, Richard, "Do international migration and remittances reduce poverty in developing countries?" *World Development*, 33 (10), 2005.
- Castles, Stephen and Miller, Mark. *The Age of Migration*. New York: Guilford Press, 2003.
- Fatton, Robert. *Haiti's Predatory Republic: The Unending Transition to Democracy*. London: Lynne Rienner Publishers, Inc., 2002.
- Gammage, Sarah. "Exercising Exit, Voice and Loyalty: A Gender Perspective on Transnationalism in Haiti" *Development & Change*, Sep2004, Vol. 35 Issue 4, p743-771, 29p
- Guiliano, Paola and Marta Ruiz. *Remittances, Financial Development and Growth*. IMF Working Paper N. 05/234, IMF: Washington, DC 2005.
- Kretsedemas, Phillip. "Immigrant households and hardships after welfare reform: a case study of the Miami-Dade Haitian community" *International Journal of Social Welfare*, Oct2003, Vol. 12 Issue 4, p314, 12p
- Loescher, Gilbert and Scanlan, John. "Human Rights, U.S. Foreign Policy, and Haitian Refugees." *Journal of Interamerican Studies and World Affairs*. Vol. 26, No. 3, August 1984.
- Mitchell, Christopher. "International Migration as an Issue on Today's Inter-American Agenda." *Journal of Interamerican Studies and World Affairs*. Vol. 36, No. 3, Autumn, 1994.
- Orozco, Manuel "Transnational Engagement, Remittances and Their Relationship to Development in Latin America and the Caribbean." Institute for the Study of International Migration, Georgetown University, July 2005b.
- Schiller, Nina Glick; Fouron, Georges E. "Terrains of blood and nation: Haitian transnational social fields" *Ethnic & Racial Studies*, Mar1999, Vol. 22 Issue 2, p340-366, 27p

Survey Methodology

Survey Methodology for Remittance Senders in New York;
Survey Methodology for Remittance Senders in Haiti (Port Au Prince and nearby neighborhoods;